

Message Text

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ACTION COME-00

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DEPARTMENT PLEASE PASS COMMERCE, DEL GORDON, FOREIGN INVESTMENT
SERVICES STAFF AND OPIC

E.O. 11652: N/A
TAGS: EFIN, OPIC, GR
SUBJECT: COORDINATION DEPUTY MINISTER SEEKS WAYS TO ENCOURAGE
U.S. FIRMS TO INVEST IN GREECE

REF: (A) ATHENS 0523; (B) 76 STATE 216033

1. ECONOMIC COUNSELOR, COMMERCIAL ATTACHE AND ECONOMIC OFFICER
MET JAN. 23 WITH DEPUTY MINISTER OF COORDINATION STAVROS DIMAS,
WHO HAS THE CRITICAL BUT DIFFICULT TASK OF REACTIVATING PRIVATE
INVESTMENT HERE. THE CONVERSATION CENTERED AROUND WAYS OF ENCOURAG-
ING POTENTIAL U.S. INVESTORS TO COME TO GREECE. DIMAS NOTED THAT
THE FRENCH FIRM PECHINEY HAS DECIDED TO INVEST \$100 MILLION IN
EXPANDING ITS ALUMINA PLANT HERE AND THAT THERE HAS BEEN CONSID-
ERABLE INTEREST BY JAPANESE FIRMS IN INVESTING IN GREECE, BUT
HE WOULD VERY MUCH LIKE TO SEE U.S. FIRMS HERE BECAUSE OF THEIR
GENERALLY HIGH STANDARDS AND ADVANCED TECHNOLOGY. HE MADE TWO
PROPOSALS. FIRST, HE FEELS THAT IF ONE LARGE AND WELL-KNOWN U.S.
FIRM WERE TO UNDERTAKE A SIZABLE INVESTMENT (FORD MOTOR CO., FOR
EXAMPLE, WHICH TWICE SENT EXECUTIVES TO GREECE LAST YEAR TO
DISCUSS INVESTMENT POSSIBILITIES WITH GREEK OFFICIALS), THE
ATTENDANT PUBLICITY COULD CATALYZE OTHER POTENTIAL AMERICAN
INVESTORS WITH POSITIVE EFFECT ON GREECE'S INVESTMENT CLIMATE.
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SECOND, HE RECALLED THE PROPOSED OPIC MEDITERRANEAN CROSSROADS
CONFERENCE (REF B) WHICH HAD BEEN PLANNED IN 1976 AND THEN
POSTPONED, AND ASKED WHETHER WE MIGHT BE ABLE TO ORGANIZE A
SIMILAR PRESTIGIOUS INVESTMENT MISSION TO VISIT GREECE THIS YEAR.

2. IN REPLY, WE TOLD HIM THAT A LARGE FIRM, U.S. STEEL, HAS
BEEN WORKING FOR OVER A YEAR TO FINALIZE PLANS FOR A POTENTIAL

\$200 MILLION INVESTMENT IN NICKEL MINES AND SMELTERS BUT HAS BEEN FRUSTRATED BY GOG DELAY. NEVERTHELESS, THEY ARE STILL VERY INTERESTED AND IF THE WAY CAN BE SMOOTHED THIS MIGHT HELP MEET HIS REQUIREMENTS. REGARDING THE SECOND PROPOSAL, THE INVESTMENT MISSION, ALTHOUGH WE SUPPORT DIMAS' GOAL OF AROUSING U.S. FIRMS' AWARENESS OF AND INTEREST IN INVESTMENT IN GREECE, IN VIEW OF CURRENT UNCERTAINTY AS TO OPIC'S FUTURE, WE SUGGESTED THAT HE MIGHT CONSIDER EXPANDING THE ATHENS CHAMBER OF COMMERCE TRADE MISSION NOW SCHEDULED FOR SEPTEMBER (REF A) TO INCLUDE GOVERNMENT AND/OR BUSINESS REPRESENTATIVES WHO COULD EXPLORE INVESTMENT POSSIBILITIES WITH U.S. FIRMS. DIMAS WAS RECEPTIVE TO THE IDEA BUT SEEMED TO PREFER TO UNDERTAKE SOME ACTION AT AN EARLIER DATE.

3. ACTION REQUESTED: WE WOULD APPRECIATE REACTIONS BY COMMERCE AND OPIC TO ABOVE PROPOSALS. SPECIFICALLY, WOULD IT BE FRUITFUL TO EXPAND THE CHAMBER OF COMMERCE MISSION TO INCLUDE BOTH TRADE AND INVESTMENT REPRESENTATIVES? AND IS THERE ANY POSSIBILITY THAT OPIC MISSION WHICH WAS POSTPONED IN AUGUST 1976 (REF B) COULD USEFULLY BE RESCHEDULED THIS YEAR TO PROMOTE INVESTMENT IN GREECE? WE RECALL THAT REASONS FOR LACK OF PARTICIPATION AT THAT TIME INCLUDED DOMESTIC ECONOMIC CONDITIONS, SCHEDULING CONFLICTS, UNSETTLED CONDITIONS IN THE AREA AND CONFLICTING BUSINESS INTERESTS. WHILE THE INVESTMENT CLIMATE IN GREECE CAN STILL NOT BE CONSIDERED IDEAL, THE NEW GOVERNMENT HAS DEMONSTRATED ITS WILLINGNESS TO BE FLEXIBLE AND TO TRY TO ELIMINATE THE UNCERTAINTIES OVER WHICH IT HAS CONTROL, I.E. SUDDEN LIMITED OFFICIAL USE

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CHANGES IN TAX LAWS AND OTHER INCENTIVES. ALSO, TO THE EXTENT POSSIBLE THEY ARE MAKING EFFORTS TO SIMPLIFY BUREAUCRATIC PROCEDURES: RED TAPE HAS TIME AND AGAIN BEEN CITED BY BUSINESSMEN AS ONE OF THE GREATEST DISINCENTIVES TO INVESTMENT IN GREECE. WE, OF COURSE, WOULD LIKE TO PROVIDE AS MUCH ASSISTANCE TO DIMAS' EFFORTS AS WE REALISTICALLY CAN.
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